

Message Text

UNCLASSIFIED

PAGE 01 EC BRU 12026 082110Z

11

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04 TRSE-00
LAB-04 SIL-01 OMB-01 FEA-01 ERDA-07 DODE-00 FPC-01
H-02 INT-05 L-03 NSC-05 PM-04 USIA-15 OES-06 SS-15
ACDA-10 /122 W

----- 048083

R 081856Z DEC 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 2525

INFO ALL EC CAPS 2836

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 12026

E.O. 11652:N/A

TAGS: ENRG,EEC

SUBJECT: EC COMMISSION'S RESPONSE TO MEMORANDUM OF FIVE EUROPEAN

OIL COMPANIES

REF: (A) EC BRUSSELS 11587 (B)EC BRUSSELS 9474

1. AS FORECAST IN REFTEL A,THE EC COMMISSION HAS
PUBLISHED ITS REPOSE (SIGNED BY COMMISSION VICE
PRESIDENT SIMONET ON DECEMBER 8)TO THE JOINT MEMORANDUM FROM
FIVE EUROPEAN-BASED OIL COMPANIES ON ENERGY POLICY
REPORTED BY REF B. AS PREDICTED EARLIER BY GEORGES
BRONDEL,DIRECTOR OF THE HYDROCARBON SECTION OF THE
ENERGY DIRECTORATE GENERAL OF THE EC COMMISSION (REF
A),THE COMMISSION'S RESPONSE AVOID TAKING A POSITION ON ANY OF
THE PROPOSALS BY THE FIVE COMPANIES WHICH COULD BE CONSIDERED
CONTROVERSIAL.IT STRESSES THAT THE
COMMISSION HAS CONSULTED AND WILL CONTINUE TO CONSULT
WITH ALL COMPANIES IN THE THE PETROLEUM INDUSTRY..THE
RESPONSE GIVES DUE RECOGNITION TO THE NECESSITY OF
MAINTAINING A HEALTHY AND PROFITABLE INDUSTRY,
CAPABLE OF UNDERTAKING THE NECESSARY EXPLORATION,
DEVELOPMENT AND PROCESSING ACTIVITY,BUT NOTES THAT
THIS MUST BE ACCOMPLISHED WITHIN AN EQUITABLE AND
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 EC BRU 12026 082110Z

COMPETITIVE FRAMEWORK.THE RESPONSE FURTHER STATES

THAT WHILE SUPPORTING CONSTRUCTIVE RATIONALIZATION OF EUROPE'S REFINING CAPACITY TO BE UNDERTAKEN VOLUNTARILY BY INDUSTRY,THE COMMUNITY INTENDS TO MAINTAN AN OPEN POLICY IN REGARD TO IMPORT OF PETROLEUM PRODUCTS AS WELL AS CRUDE OIL.WHILE PROMISING TO STUDY THE MEMORANDUM'S PROPOSAL REGARDING POSTED PRICES,SIMONET STATES THAT THE COMMISSION IS CONSIDERING IMPROVEMENT OF THE PRESENT SYSTEM OF PUBLIC QUOTATIONS(PROBABLY REFERENCE TO THE ROTTERDAM POSTINGS) AND WILL BE OBTAINING COMPREHNSIVE PRICE INFORMATION THROUGH THE MEMBER STATES BEGINNING IN JANUARY 1977.

2. INFORMAL TRANSLATION OF LETTER WHICH IS ADDRESSED TO CFP, ELF/ERAP,ENI,PETRO FINA AND VEBAS AS FOLLOWS:
QUOTE: HAVING HAD THE OCCASION TO MEET EACH OF THE SIGNATORIES OF THE DOCUMENT AND AFTER HAVING DISCUSSED IT WITH MY COLLEAGUES,I WOULD LIKE TO PRESENT HEREWITH THE PRELIMINARY REACTIONS OF THE COMMISSION IN REGARD TO THE IDEAS CONTAINED IN THE MEMORANDUM WHICH YOU SENT TO ME ON JULY 23, 1976. THE COMMISSION BELIEVES THAT YOUR MEMORANDUM COINCIDES WITH THE IDEAS WHICH IT HAS DEVELOPED IN REGARD TO AN APPROACH TO THE SERIOUS PROBLEMS WHICH PRESENTLY FACE THE PETROLEUM INDUSTRY IN EUROPE AND THE WORLD.AS YOU KNOW,THE COMMISSION INTENDS TO CONTINUE ITS CONSULTATIONS WITH INTERESTED PROFESSIONAL CIRCLES AND WITH ALL THE COMPANIES IN ORDER TO DEVELOP MORE INFORMATION AND TO PRESENT ACTION PROPOSALS IN THE NEAR FUTURE. THE COMMUNITY FURTHERMORE WILL ONLY SUCCEED IN ATTAINING THE OBJECTIVES SET BY THE COUNCILS OF DECEMBER 18, 1974 AND FEBRUARY 20, 1975 ON ENERGY MATTERS-- AIMED AT ASSURING A STABLE AND SECURE SUPPLY OF PETROLEUM -- IF IT POSSESSES A HEALTHY INDUSTRY CAPABLE OF REALIZING EARNINGS THAT ARE APPROPRIATE AND SUFFICIENT TO PERMIT THE INVESTMENTS NECESSARY FOR THE EXPLORATION AND DEVELOPMENT OF NEW SOURCES OF PETROLEUM AND FOR ADAPTING REFINERY CAPACITIES TO FUTURE NEEDS.THIS OBJECTIVE MUST BE PURSUED BY ESTABLISHING EQUITABLE AND COMPETITIVE CONDITIONS.
THE COMMISSION WHOLLY SUPPORTS CERTAIN OF THE MEASURES WHICH YOU PROPOSE,PARTICULARLY THOSE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 12026 082110Z

DIRECTED TOWARD ENERGY SAVING AND TO REDUCTION OF POLLUTION.IT IS CLOSELY EXAMINING THE IDEA OF VOLUNTARY CLOR BY INDUSTRY OF EXCESS REFINERY CAPACITY AND LIMITATION OF NEW CAPACITY TO A LEVEL WHICH CAN BE ACCEPTED IN THE FRAMEWORK OF A GLOBAL EUROPEAN PLAN.THE COMMISSION JOINTLY WITH EXPERTS FROM THE MEMBER STATES,IS STUDYING THE SERIOUS PROBLEMS RELATED TO MAINTAINING SUFFICIENT AND PROFITABLE REFINING CAPACITY

IN THE COMMUNITY AND THE QUESTION OF WHAT MEASURES ARE NECESSARY TO
CORRECT THE SITUATION,IN THE CONTEXT OF AN
OPEN PLICY IN REGARD TO IMPORATION OF CRUDE OIL AND REFINED
PRODUCTS.

THE COMMUNITY IS ALREADY SUPPORTING TECHNOLOGICALLY ADVANCED
PROJECTS IN THE HYDROCARBON FIELD; IT WILL
PROPOSE THE EXPANSION OF THIS SYSTEM OF PROJECTS
AS WELL AS UNDERTAKING SURVEYS TO OBTAIN A BETTER
IDEA OF THE OVERALL PETROLEUM AND GAS POTENTIAL OF THE
COMMUNITY.

IN REGARD TO MERKET TRANSPARENCY FOR PETROLEUM
PRODUCTS, THE COMMISSION HOPES THAT THE NEW SYSTEM

OF PRICE INFORMATION,WHICH WILL ENTER INTO FORCE IN
JANUARY 1977,WILL BE A MAJOR ANS USEFUL STEP IN THAT
DIRECTION.THE MEMORANDUM' PROPOSAL REGARDING "POSTED"
PRICES WILL BE STUDIE IN DEPTH, TAKING INTO ACCOUNT SPECIAL
CONDITIONS PREVAILING IN THE EUROPEAN MARKET.THIS ANALYSIS WILL TAKE
INTO ACCOUNT ALSO THE DIFFICULTIES ARISING IN THE
COURSE OF THE LAST TWO YEARS WHICH AVE THEIR
ORIGIN IN THE FALL OF DEMAND.FURTHERMORE,THE
COMMISSION IS STUDYING,IN COOPERATION WITH THE
MEMBER STATES AND IN CONSULTATION WITH INDUSTRY,
THE PRESENT SYSTEM OF PUBLISHED PRICE QUOTATIONS,
THE MEANS TO IMPROVE THEM,AND ALL MEASURES AIMED
AT IMPROVING PRICE TRANSPARENCY.

OTHER IDEAS IN THE MEMORANDUM WILL BE
STUDIED IN THE APPROPRIATE CONTEXT AND BEARING
IN MIND THAT THE BEST WAY OF MAINTAINING A HEALTHY
PETROLEUM INDUSTRY -- PROVIDING A SUFFICIENT RETURN
ON INVESTMENTS AND RESPONDING TO THE NEEDS OF THE
COMMUNITY -- LIES IN ADOPTING AN ACTION PROGRAM AT
THE COMMUNITY LEVEL. END QUOTE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 EC BRU 12026 082110Z

HINTON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, REGIONAL ORGANIZATIONS, MEETINGS, BUSINESS FIRMS, COMMUNIQUES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU12026
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760454-0752
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761263/aaaacchm.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 11587, 76 EC BRUSSELS 9474
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2004 by hattaycs>; APPROVED <04 AUG 2004 by wolfsd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION'S RESPONSE TO MEMORANDUM OF FIVE EUROPEAN OIL COMPANIES
TAGS: ENRG, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006